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By PwC Deutschland | 26. Juni 2013

Flood relief measures

The finance ministry has issued a decree easing the formalities to be followed by those wishing to contribute to the support for the victims of the recent Elbe and Danube flooding.

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The recent flooding of the Elbe, Danube and some of their tributaries has caused considerable damage. Private measures to contribute to the relief of the victims are to be supported with tax measures, mainly designed to ease the documentation formalities to be followed. These measures are set out in a finance ministry decree. In summary:

- Sponsoring payments are to be deducted as business expenses if the sponsor can show a business benefit, including positive reports in the media.
- Goods or services supplied free of charge to businesses hit by the flooding to maintain a business relationship are to be deducted as business expenses without regard to the statutory exclusion of gifts.
- Non-cash support to businesses hit by the flooding is similarly deductible, even if there is no business relationship to maintain.
- Recipients are to take up support received at its present value.
- Support payments to employee victims of flood damage are generally tax-free without regard to the €600 limit, as a special case of hardship will be assumed.
- Employee wage waivers in favour of employer support for employee victims or of an employer donation to a flood relief fund are not to be taxed as income, provided the employee does not claim a donation deduction.
- Donations to flood relief accounts held by public bodies, authorities or welfare institutes are to be documented with a simple bank paying-in slip. A bank statement (PC printout) will also serve.
- Collections organised by persons or bodies not authorised to do so will lead to a deduction for the donors if the collector forwards the proceeds to an authorised organisation together with a list of contributors. The organisation will then issue an official receipt to each contributor.
- Costs of cleaning and repairing damaged homes and of replacing household equipment and clothing are to be deducted as a “special burden” even if the victim had not taken out an insurance policy against flood damage. Insurance policies for elemental damage are not to be seen as “generally available” or “customary”.
- Local tax offices are able to grant further relief to flood victims in appropriate cases. Deferred payment terms, reduced prepayments, forgiveness of loss of accounting records and documents are examples.

Schlagwörter

Sponsoring, flood relief, flooding